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REPORT  
OF THE  
SELECT COMMITTEE,

TO WHICH WAS REFERRED

*The Bill from the House of Delegates, providing  
for the Resumption of SPECIE PAYMENTS  
by the Banks of this State.*

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## REPORT.

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The committee charged with the Bill from the House of Delegates, providing for the Resumption of Specie Payments by the Banks, and directed to enquire into the expediency of preventing the circulation of redeemable paper, and the practicability, of rendering uniform, in its value, the paper circulation of the State, have given to the subject, the attention and consideration, which its importance, and the great extent of public interests and convenience involved, urgently demanded and required. They regret, that the inherent difficulties in which all questions affecting a deranged currency, are necessarily involved, owing to the complicated relations they bear to all the multifarious operations of the community, render it impracticable, to devise a plan that would meet public expectation, or would fully gratify the wants of the people.

If a prompt resumption by the banks would furnish us a good currency, composed of specie and notes convertible at will into coin, and expel from circulation the depreciated and irredeemable paper, all would most cordially concur, in producing a result so ardently and sincerely desired. But when we look to the condition of things about us, the scarcity of specie, the large amount of depreciated paper, that is floating through the community, the depression of trade and business, the embarrassment of the finances of the State and the prostration of her credit; the deranged state of the currency of neighboring communities, whose business relations with us, are so intimate and so extensive as necessarily to involve us in their commercial and monetary difficulties, and the diminished resources of the banks, arising from the general pressure, and their advances and efforts to preserve the public faith and credit; we feel certain, that the combined power of the Banks and Legislature, would not restore to us such a currency, as we had before the suspension. The coin and credit on which our former currency was based, are both ruinously lessened in amount and extent. The money and credit of past years are gone, and they must be reproduced by frugal industry and diligent economy, not by legislative enactments.



A comparative glance at our condition before the suspension, say in 1833, and our State now will show to the most inexperienced that a coerced resumption could not expel the currency we now have, and supply the currency we then had. At the former period the State debt was but little over one million, and her credit above suspicion, her bonds would sell at 20 per cent premium in the market, and taxation was not even contemplated. The banks had in circulation not less than three millions of convertible notes, and there was at least a million of specie passing among the people; constituting a circulation of specie and its equivalent to the amount of about four millions. At present the State debt is about fifteen millions, her credit paralyzed, her bonds ruinously depreciated, and a direct tax to sustain her faith actually imposed. The bank note circulation is reduced to a little more than one million and the specie has entirely disappeared. The residue of the currency is made up of rail road and corporation orders, individual issues and foreign bank notes, not materially varying in its nominal aggregate from the amount of circulation in the year 1833. Before the suspension we had about the same amount of specie in circulation that we now have of State Bank notes, and we now have, instead of the convertible bank notes we then had, depreciated and irredeemable paper. In such a state of things can it be supposed that the banks embarrassed as they must be by the general decay of credit, scarcity of money, and the pecuniary difficulties existing in the adjoining States, have the power, to expel all the depreciated currency, and supply its place with specie and convertible notes. The banks have about a million and a quarter of specie. They could not part with much of this sum, and retain enough, to support a redeemable bank note circulation. A bank that issues notes, must keep a considerable amount of specie in its vaults, or it could not redeem them on demand, and with such reduced resources, it would be impossible to pay out the specie, and maintain a circulation of their notes. If they pay specie they must retain their notes, they cannot furnish the community with the notes and the specie they are redeemed with.

Your committee are fully apprized, that the suffering of the people from the derangement of the currency, is intense and widely diffused through the State. They are also aware, that loud complaints, arising from the scarcity of money, are uttered in every direction, and they regret, that it is much easier to complain of evils, particularly those resulting from pecuniary pressure, than to provide relief. Our distresses are the result of causes which have been operating and accumulating for several years, the remedy must be the gradual work of time. No sudden revolution could produce benefit; a rash and precipitate resumption, would aggravate rather than alleviate the public suffering. If the banks were now compelled to resume they would be obliged to call in their notes, without the ability to re-issue them. The little specie obtained by the few who held their notes, would be sold to brokers, and we should not have in circulation, either specie or the notes of our own banks. The currency instead of being improved would be deteriorated.

In place of the few *par* notes now circulating we should have nothing but the worst varieties of depreciated paper. This opinion does not rest merely on speculation. The experience of the District of Columbia practically attests its accuracy. The banks there are bound to redeem their issues in specie. They could not in the present state of the public credit and the monetary affairs of the country, keep up a circulation and redeem it on demand, and they were consequently forced to retain their notes from circulation, and the people of that District are now afflicted with a foreign paper currency of the most depreciated and worthless character. And such would be the condition of things in this State in the event of a forced resumption. There would be no currency which a cautious creditor would receive in payment of a safe debt, and the community would have nothing to pay taxes with. The whole circulation would be depreciated, and the people would be forced by the pressure of the times to be the victims of brokers and shavers. This catastrophe your committee desire at least to postpone, and if possible to avert.

What has been urged in favor of a sudden resumption, seems to be rather the result of feeling and prejudice, than of reflection and deliberation; one set of resumptionists maintain that if the banks were compelled to pay specie, they would issue their notes more liberally and discount more freely. This is founded on the paradoxical notion, that banks can issue with safety to themselves more notes, when they are bound to redeem them in specie, than when they are in a state of suspension. This, not to call it absurd, would at least be an unsafe principle to guide legislation; another class, more zealous and reckless of consequences, go for immediate resumption, even if such a course should compel all the banks to wind up. This opinion, it is respectfully suggested, is not well considered. Those who have propagated it, not being in a condition to be injured by a crash, are either callously insensible to the sufferings of others, or they have not figured to themselves, the scene of ruin and desolation, which a liquidation of all the banks would inevitably produce. There is now due from the people of this State to the banks over ten millions. To wind up the banks and collect this enormous sum, by suit and execution, would spread misery and insolvency throughout the land. Any legislation, tending to produce such disastrous consequences to all that portion of our citizens, who happen to be in debt, your committee would not recommend to the favor of the Senate. Not only would those indebted to the banks be involved in ruin, but by the depreciation of property caused by forcing such a large amount to sale, under execution, and the general collection of debts, to which such an event would lead, every one of the people, who is indebted to any extent, would be overwhelmed in bankruptcy.

Your committee, for the reasons above adverted to, and various others that will be suggested to any one who reflects on the subject, believing that a resumption at this crisis would be ruinous to the people, suggest that the best remedy for existing evils which has occurred to them, is to authorise the Banks to issue small notes not less than one dollar, and to





